



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ
COMMISSIONER**

FOR IMMEDIATE RELEASE
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FEBRUARY REVENUES

NASHVILLE – Lower than projected sales tax collections brought total tax revenues below the amount budgeted for February. Finance and Administration Commissioner Dave Goetz today announced that overall revenues for February were \$728.3 million or \$20.8 million less than the state budgeted.

“With sales tax collections trending down for the last two months, we are looking to see if business taxes in March and April will help support our budget,” Goetz said. “We may have to look for more savings in the current fiscal year, but we have faced tougher conditions and managed our way through.”

On an accrual basis, February is the seventh month in the 2007-2008 fiscal year.

The general fund was under collected by \$28.2 million and the four other funds were over collected by \$7.4 million.

Sales tax collections were \$18.4 million less than the estimate for February. The February growth rate was a negative 0.92%. The year-to-date growth rate for seven months is 1.97%.

Franchise and excise taxes combined were \$5.9 million below the budgeted estimate of \$44.1 million. For seven months revenues are under collected by \$41.6 million.

Gasoline and motor fuel collections for February increased by 10.96%. For seven months revenues are over collected by \$9.6 million.

Tobacco tax collections were \$2.8 million under the budgeted estimate of \$25.9 million. For seven months revenues are under collected in the amount of \$46.5 million.

Year-to-date collections for seven months were \$203.0 million less than the budgeted estimate. The general fund was under collected by \$211.5 million and the four other funds were over collected by \$8.5 million.

The budgeted revenue estimates for 2007-2008 are based on the State Funding Board’s consensus recommendation adopted by the first session of the 105th General Assembly in June of 2007.

The revised estimates for this fiscal year as presented in the 2008-2009 budget document assumes an under collection in total taxes in the amount of \$165.4 million. By tax source the assumed under collections are: Sales tax \$62.8 million; F&E taxes \$54.8 million; tobacco taxes \$30.0 million, privilege taxes \$27.6 million; and, a net over collection of \$9.8 million from all other tax sources. The General Fund under collection is projected to be \$180.0 million.

<p align="center">REVENUE COLLECTIONS FEBRUARY, 2008, AND 7 MONTHS YEAR-TO-DATE</p>
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February Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$601,942,000	\$573,701,000	(\$28,241,000)
Highway Fund	59,527,000	65,123,000	5,596,000
Sinking Fund	26,192,000	26,055,000	(137,000)
City & County Fund	58,843,000	60,790,000	1,947,000
Earmarked Fund	2,591,000	2,596,000	5,000
Total	\$749,095,000	\$728,265,000	(\$20,830,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$5,217,402,000	\$5,005,935,000	(\$211,467,000)
Highway Fund	399,769,000	405,344,000	5,575,000
Sinking Fund	186,884,000	185,992,000	(892,000)
City & County Fund	442,797,000	446,435,000	3,638,000
Earmarked Fund	19,791,000	19,899,000	108,000
Total	\$6,266,643,000	\$6,063,605,000	(\$203,038,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	February			
	2007	2008	Change	Percent
Franchise & Excise	\$44,199,000	\$38,227,000	-\$5,972,000	-13.51%
Income	2,186,000	2,782,000	596,000	27.26%
Inheritance & Estate	4,434,000	9,874,000	5,440,000	122.69%
Gasoline	48,686,000	51,597,000	2,911,000	5.98%
Petroleum Special	5,150,000	5,384,000	234,000	4.54%
Tobacco	8,843,000	23,091,000	14,248,000	161.12%
Beer	1,539,000	1,446,000	-93,000	-6.04%
Motor Vehicle Registration	24,666,000	24,929,000	263,000	1.07%
Motor Vehicle Title	836,000	892,000	56,000	6.70%
Mixed Drink	4,092,000	4,165,000	73,000	1.78%
Business	760,000	954,000	194,000	25.53%
Privilege	23,238,000	16,489,000	-6,749,000	-29.04%
Gross Receipts	107,000	87,000	-20,000	-18.69%
TVA - In Lieu of Tax Payments	21,115,000	22,011,000	896,000	4.24%
Alcoholic Beverage	2,664,000	2,544,000	-120,000	-4.50%
Sales and Use	509,471,000	504,791,000	-4,680,000	-0.92%
Motor Vehicle Fuel	14,266,000	18,588,000	4,322,000	30.30%
Severance	120,000	227,000	107,000	89.17%
Coin-operated Amusement	1,000	2,000	1,000	100.00%
Unauthorized Substance	67,000	185,000	118,000	176.12%
Total	\$716,440,000	\$728,265,000	\$11,825,000	1.65%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - February			
	2006-2007	2007-2008	Change	Percent
Franchise & Excise	\$739,449,000	\$732,102,000	-\$7,347,000	-0.99%
Income	20,333,000	19,569,000	-764,000	-3.76%
Inheritance & Estate	56,203,000	54,601,000	-1,602,000	-2.85%
Gasoline	360,248,000	365,279,000	5,031,000	1.40%
Petroleum Special	38,277,000	38,596,000	319,000	0.83%
Tobacco	69,824,000	156,845,000	87,021,000	124.63%
Beer	10,409,000	10,778,000	369,000	3.55%
Motor Vehicle Registration	135,912,000	133,553,000	-2,359,000	-1.74%
Motor Vehicle Title	6,277,000	6,111,000	-166,000	-2.64%
Mixed Drink	30,572,000	31,610,000	1,038,000	3.40%
Business	10,050,000	10,614,000	564,000	5.61%
Privilege	169,456,000	153,989,000	-15,467,000	-9.13%
Gross Receipts	14,426,000	14,007,000	-419,000	-2.90%
TVA - In Lieu of Tax Payments	141,906,000	160,274,000	18,368,000	12.94%
Alcoholic Beverage	24,035,000	25,129,000	1,094,000	4.55%
Sales and Use	3,961,392,000	4,039,337,000	77,945,000	1.97%
Motor Vehicle Fuel	107,245,000	108,542,000	1,297,000	1.21%
Severance	866,000	1,348,000	482,000	55.66%
Coin-operated Amusement	88,000	60,000	-28,000	-31.82%
Unauthorized Substance	931,000	1,261,000	330,000	35.45%
Total	\$5,897,899,000	\$6,063,605,000	\$165,706,000	2.81%

Table 3
August - February Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (99,600,000)	\$ (4,900,000)	\$ (104,500,000)
Income Tax	(1,700,000)	(900,000)	(2,600,000)
Inheritance Tax	500,000	0	500,000
Privilege Tax	(28,600,000)	100,000	(28,500,000)
Business Tax	800,000	0	800,000
TVA	5,000,000	3,600,000	8,600,000
Gross Receipts	(900,000)	0	(900,000)
Gasoline & Motor Fuel Taxes	300,000	9,300,000	9,600,000
Motor Vehicle Registration	600,000	600,000	1,200,000
Other Taxes	(46,300,000)	700,000	(45,600,000)
Sub-Total	\$ (169,900,000)	\$ 8,500,000	\$ (161,400,000)
F & E Taxes	(41,600,000)	0	(41,600,000)
Total	\$ (211,500,000)	\$ 8,500,000	\$ (203,000,000)